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Organic Products

Market Brief

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Report Highlights:
The organic food industry in Australia is growing at a relatively rapid rate with no sign of slowing. The value of Australia's organic production increased ten-fold between 1990 and 2000 and reports of double-digit growth are currently forecast. While the level of production is growing, a significant amount of product is imported to meet rising demand. Opportunities for U.S. exporters to bring organic processed or dried products into Australia are significant. The Australian organic retail market is forecast to grow by 20 to 25 percent annually, while domestic production growth is forecast at 10 to 15 percent a year. This creates an opportunity for U.S. and other exporters. At present, the Australian organic market is valued at an estimated A$250 million.

Includes PSD Changes: No
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Disclaimer: As a number of different sources were used in preparing this report, there are areas in which figures are different. The magnitudes of the differences are, in most cases, small and the information is included to provide the U.S. exporter with the best possible picture of the Australian organic industry.

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SECTION I: SUMMARY

Australia comprises a land area of about three million square miles, and has a population of around 20 million. The area of Australia is almost equivalent to that of the 48 contiguous states of the United States, about 50 percent larger than Europe (excluding the former USSR) and 32 times greater than the United Kingdom.

Most Australians live near the ocean along the eastern side of the country. The most populated cities are Sydney in the state of New South Wales, and Melbourne in the state of Victoria. The population of the state of Queensland is increasing at a rapid rate, quickly becoming another major destination for businesses and residents.

Table 1: Demographic & Economic Indicators

Population (millions)	20.0
By State	
New South Wales	7.0
Victoria	5.0
Queensland	4.0
South Australia	2.0
Western Australia	2.0
Tasmania	0.4
Northern Territory	0.2
Australian Capital Territory	0.3
Consumer Food Imports From all Countries	
Value (US$mil)	$2,294
U.S. Market Share	10%
Per Capita GDP (US$, 2003)	$25,353
Per Capita Food Expenditure (US$, 2003)	$1,674
Exchange Rate (October 26, 2004)	US$1.00 = A$1.33

The Australian Organic Food Industry

The organic food industry in Australia is growing at a relatively rapid rate with no sign of slowing. In Australia, the value of organic production increased ten-fold between 1990 and 2000[i] and reports of double-digit growth are currently forecast. The number of Australian farmers registering for organic certification has risen by 10 percent each year for the past four years, while average production volume has increased by 15 to 30 percent annually. There are an estimated 2,100 farms that are organic registered, indicating that 1.5 percent of all farmers are certified organic growers. There are approximately 1,700-2,000 other specialist businesses, including wholesalers, processors, retailers and exporters, participating in the Australian organic industry. The land area certified organic or biodynamic in Australia now covers 18.5 million acres (about 7.5 million hectares).

The Australian organic market is estimated at A$250 million according to the Biological Farmers Association of Australia. Approximately A$40 million in organic products are exported from Australia to other nations. Ultimate consumption of organic products is estimated at about 0.3% of the current A$72 billion Australian domestic market for food products.[ii]

Coles, one of Australia's two largest supermarket chains, was the first chain to introduce their own range of certified organic products, which includes juice, milk, oats, pasta, biscuits, soup and yogurt. There are now over 150 organic items sold in 686 Coles supermarkets nationally. Woolworths, the other leading chain, also stocks a wide range of organic items on their shelves.

While the level of organic production is growing in Australia, a significant amount of product is imported to meet demand. Primary imports include juice, pasta, grains, rice, sauces, jams, and syrups. Australian certifying and government bodies are encouraging consumers to purchase certified organic products.

The main challenge for U.S. exporters wanting to enter the Australian organic market is regulations surrounding the quarantine of fresh produce. Fresh produce, regardless of whether it is organic or non-organic, is fumigated or otherwise treated to protect Australia against incoming insects or other pests and diseases. These treatment requirements may disqualify imports for organic certification. However, the opportunities for U.S. exporters to bring organic processed or dried products into Australia are increasing. A recent survey by the Australian Consumers' Association found that 14 of the 25 processed foods in a basket of supermarket goods had an organic equivalent.

Currently, the use of the term organic is not subject to certification requirements in the domestic market. However, the widespread use of 'organic' for uncertified products has created customer confusion. Organic industry bodies are raising consumer awareness by publicizing the requirements for organic certification and are encouraging retailers to only use certified products. It is therefore recommended that U.S. exporters have their organic products certified so that they are not disadvantaged when entering this market.

Advantages	**Challenges**
Consumers are concerned about chemicals and additives in food. Many recognize that organic foods offer a better health alternative.[iii]	Many organic consumers value local food production and distribution systems that supply minimally processed and packaged foods.
U.S. companies are reliable suppliers of high quality, innovative organic products.	Australian organic producers have the capability of expanding due to the availability of suitable land. Over 250 farms are converting to biodynamic practices each year.
A study by Agriculture Western Australia indicated wine, wheat, sugar and canola as having excellent opportunities in the organic market. Other opportunities include: herbs, oats, rice and safflower.	Fresh organic produce faces the same quarantine regulations as non-organic. This means that many products would have to undergo mandatory treatments that could mean that they would no longer meet organic certification standards.
Opportunities have also been identified for baby foods and semi-processed inputs.	There is a consensus amongst consumers that organic food products are more expensive than non-organic foods, making them less accessible for some families.[iv]

At present, there are no laws regarding labeling requirements for organic foods in the Australian domestic market.	The Rural Industry Research Development Corporation has a five year Organic Produce Research Plan, dedicated to assist traditional farmers develop a viable organic industry through increasing adoption of sustainable organic farming systems.
Organic associations in Australia are increasing customer awareness regarding organic certification, which has built consumer demand for more organic certified products. If U.S. products are certified by one of the four approved U.S. organic certifying bodies, certification in Australia should not be difficult.	
With the planned implementation of the Australia-U.S. Free Trade Agreement, any tariffs currently imposed on U.S. food products would drop to zero.	

SECTION II: CONSUMPTION AND MARKET SECTORS

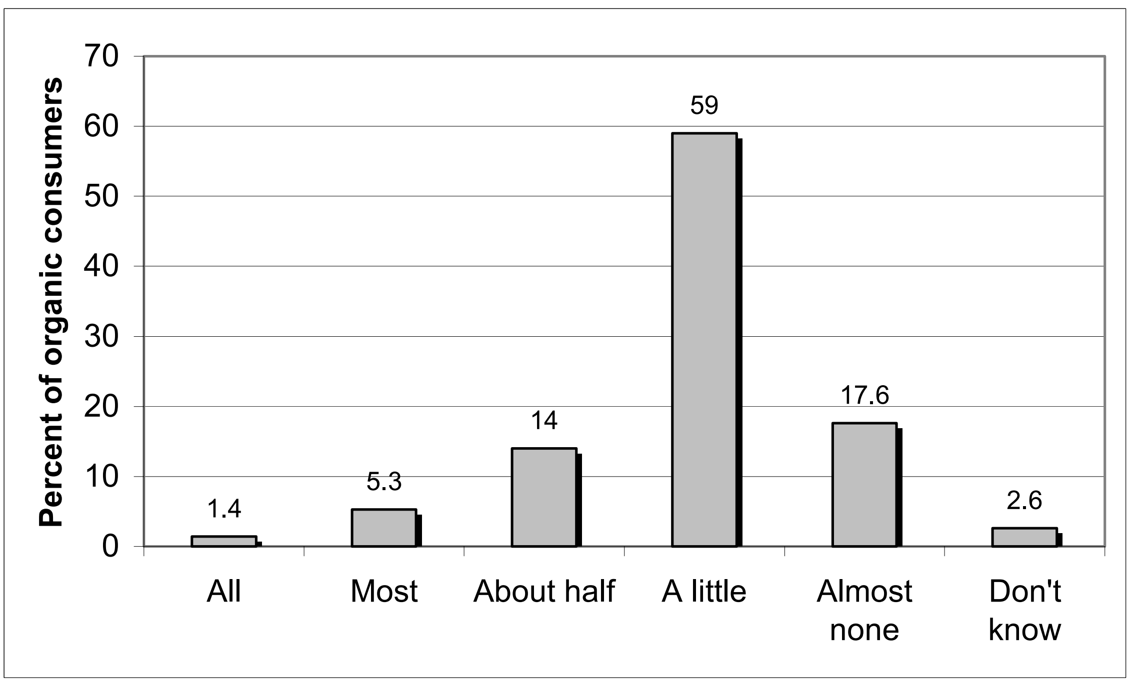
Consumption

The Organic Food and Farming report, released by Biological Farmers of Australia in 2003, revealed that while demand for organic foods grew 20-30 percent in 2002/2003, domestic production only increased 10-15 percent. Increased consumer demand is being fuelled by the improved availability of organic food in the marketplace.

Consumption of organic products currently accounts for only 0.3 percent of the Australian domestic food market. Australian consumers rationalize their switch to organic consumption as a health choice and because of concerns for the environment. While stating this, Australians do not concern themselves as much with the quality of their traditional food, as they do not face the same food quality issues that consumers in some other countries face.

A 2001 study of 1,200 Australian consumers[v] explored the ways in which they perceived organic food. Over 40 percent of respondents to the survey claimed to have consumed at least some organic foods over the preceding 12 months[vi]. As indicated in Figure 1, only a small proportion of these people ate more than a little organic food. However, with 59 percent of people eating small amounts of organic food, the survey found that understanding the motivations of this group is of potentially great importance in charting the future of the organic industry.

Figure 1: Over the last year, what proportion of food you ate was certified organic?[vii]



The survey also examined the motivations behind consumers' choice of organic food. The respondents were asked to rate the importance of factors believed to motivate food choice, with 1 as not at all important, to 5 as extremely important. The results were also differentiated between organic and non-organic users.

Figure 2: Motivating factors behind food choice[viii]

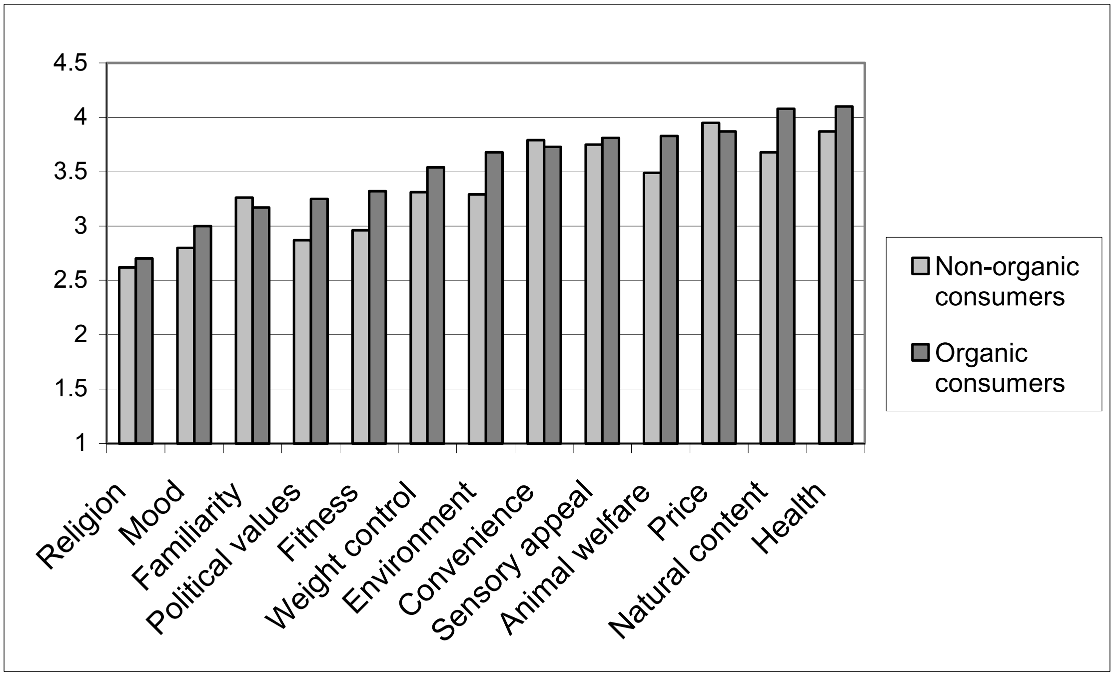


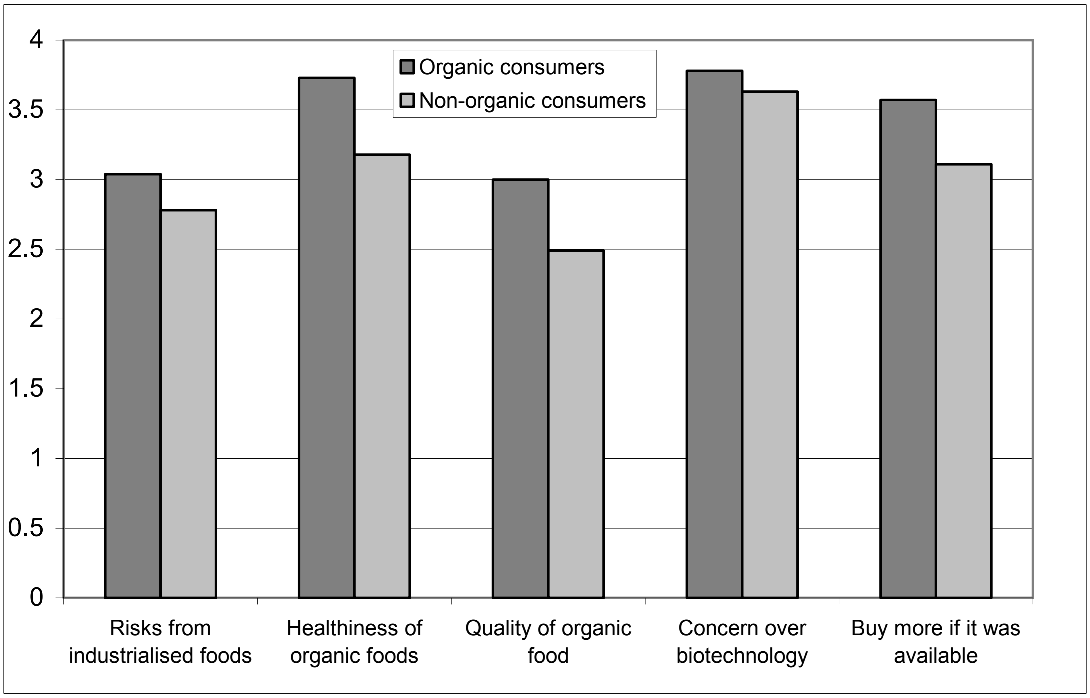
Figure 2 indicates there are no differences between these two groups of consumers in areas such as convenience, sensory appeal, price, and familiarity and religion factors. For those factors for which differences were evident, it is notable that a similar trend was found between organic and non-organic consumers in terms of the relative importance of each of these factors. Natural content and animal welfare rate highest for both groups, followed by environmental protection and weight control. Organic consumers, however, did appear more motivated by each individual factor and may, on this basis, be more likely to prioritize these concerns over those such as price and convenience.

When the same factors were examined in relation to the level of organic consumption, increasing interest in weight control and fitness were shown not to have a significant correlation with increasing levels of organic consumption.

Australian consumers' attitudes to food-related issues are also likely to influence food consumption. Specific dimensions of these food-related issues include:

- Risks from industrialized foods—chemical residues, genetically modified organisms, irradiation, artificial ingredients, antibiotics.
- Healthiness of organic foods—lower residues, safer, healthier to eat.
- Quality of organic food—taste, shelf life, appearance.
- Concern over biotechnology—going too far, against laws of nature, risky, labeling requirements, incompatible with organics.
- Buy more organic food if it was available—if it could be found, if it was available as convenience, packaged and pre-prepared food.

Figure 3: Attributes to food-related issues[ix]



As with the motivating factors behind food choice, levels of concern over food-related issues follow similar patters for organic and non-organic consumers but with organic consumers expressing stronger levels of concern for each individual issue. Increasing concern was also correlated with increasing organic consumption (albeit weakly).

From the survey, the relatively small increases in motivation towards the factors and issues identified above may be sufficient to dramatically increase organic consumption at the national level. Given the small number of people who consume more than a little organic food, this may be exactly the process responsible for the significant increases in demand the industry is currently experiencing.

Australia is very different to many other parts of the world. Australians do not share the same concerns about the quality of their food and water in the way some consumers do. They believe their produce is "clean and green" and food scares have not made them think otherwise.[x]

Market Sectors

Retail Foods

The Australian organic retail market is forecast to grow by 20 to 25 percent annually, while domestic production growth is forecast at 10 to 15 percent a year. This creates an opportunity for U.S. and other exporters. At present, the Australian organic market is estimated to be valued at A$250 million.

Organics may now be a relatively small niche in food commodity markets and agricultural enterprises, but consumers are demanding more safe foods, sustainable production and a sense of control over their food supply. This is particularly true for affluent and educated consumers.

Market Entry

It is highly recommended that organic foodstuffs be certified by either an Australian or international accredited body (accepted by Australia) due to the enhanced awareness and demand by Australian consumers for certified products.

The most typical form of entry into Australia for U.S. exporters is to work with an agent or existing distributor of organic foodstuffs. Australian organic distributors currently assisting U.S. exporters include Kadac Pty Ltd, Nature's Fare, Complete Health Products and Spiral Foods. These companies can act as wholesalers and distributors of products to the retail and foodservice sectors. Further information is given in regards to contacts in Section V.

Distribution

Other distribution options exist for U.S. exporters. Typical distribution options for organic products are:

- Direct sales to individual consumers, or groups of consumers via pick ups from farms, or the Internet;
- Direct agreement with specialized retailer or restaurant;
- Selling through groups or cooperatives;
- Sell to certified processors;
- Engage processor for contract/service processing, and market product yourself.

Supply chain management or building relationships with suppliers is vital to the organic industry as it ensures the integrity of all inputs, transport and handling, processing and final product. Supply chains, or other types of networks, also assist in information sharing and problem solving, and can be both vertical and horizontal. There are a number of existing alliances in the organic industry that have been very successful at producing and marketing their products on a product or regional basis. The main retail channels for distributing organic products for retail sale include: supermarkets, health food stores, specialist organic food stores and markets.

The two main supermarket retailers in Australia are Woolworths and Coles Myer. Woolworths has the largest market share in the supermarket sector, estimated at 42 percent. Coles Myer has two supermarket brands, Coles and Bi-Lo, and together their share of the market is approximately 30 percent. Foodland Associated Limited (FAL), Aldi and independent grocers fill the remainder of the supermarket share.

Coles, one of Australia's largest supermarket chains, was the first to introduce their own range of Certified Organic Products, which includes juice, milk, oats, pasta, biscuits, soup and yogurt. There are now over 150 organic items sold in 686 Coles Supermarkets nationally, which include Coles' products as well as other branded products. Woolworth's, Australia's largest chain, has been carrying biodynamic milk in selected stores for several years and has added organics to the fresh produce department. Woolworths is also stocking a number of organic 'dry goods' lines, including flour, grains and pasta. Generally, the supermarkets have been responding to consumer demand rather than proactively promoting organics, in part due to problems obtaining consistent supply at the national level. Currently, demand for organic products exceeds domestic production and imports such as juice, cereals, polenta, olive oil, and baby food are filling the gap. There is substantial room in the Australian market for U.S. exporters to supply organic products, especially processed products.

The growing interest in organic foods is also gathering momentum in the "weekly market" or "farmers market" sector. For example, Vibrant Markets, located in Sydney's northern suburb of Balgowlah, is Australia's first certified organic market. Started in May 2004, the market only sells certified organic produce.

Paddy's Organic Market, also in Sydney, requires stallholders to sell only products certified by one of Australia's primary accredited certification bodies – ACO, Demeter, NASA, OHGA, OFC, or TOP. There are more than 500 products on sale in this market[xi]. The organic fair in Northey Street, Brisbane attracts growers from northern New South Wales, the Lockyer Valley, the Granite Belt and the Sunshine Coast. Several other markets around the country also feature organic produce and foodstuffs.

Product Range

For U.S. exporters, the product range is mostly restricted to processed and dry organic foods due to mandatory fumigation on fresh produce. However, the range of organic processed food items is increasing in supermarkets and health stores. Coles Supermarkets and Woolworths now place their organic products next to non-organic alternatives, instead of positioning them in the health food section. The Australian Consumers Association conducted a survey in 2004 and found 14 of the 25 processed foods selected for their supermarket basket had an organic equivalent[xii]. Foods ranged from chocolate to pasta to jam conserve. Table 2 displays the organic and non-organic alternatives.

Table 2: Organic vs Non-Organic processed food (in order of price difference)[xiii]

Processed food from the CHOICE shopping basket	Size	Price (A$)	Organic equivalent	Size	Price (A$)	Price difference (per 100g/100 mL, $)
LINDT Excellence Milk Chocolate	100 g	3.00	GREEN & BLACK'S Milk Chocolate	100 g	6.10	3.10
LIPTON Black Tea Teabags	50 bags	2.70	NATURE'S CUPPA English Breakfast Tea	50 bags	4.95	2.25
HEINZ Baked Beans English Recipe	420 g	1.35	WHOLE EARTH Baked Beans in Tomato Sauce	420 g	3.80	0.58
SCHWEPPES Lemonade (can)	250 mL	1.00	SANTA CRUZ Lemonade (can)	355 mL	3.00	0.45
DOLMIO Chunky Bolognese Pasta Sauce	370 g	2.10	SPIRAL FOODS Pasta Sauce Funghi	375 g	3.70	0.42
SUNRICE Premium Long Grain Rice	1 kg	2.00	SUNRICE Organic White Long Grain	750 g	3.30	0.24
JUST JUICE 100% Apple Juice	1 L	1.55	PUREHARVEST 100% Apple Juice	1 L	3.70	0.22
DAIRY FARMERS Full Cream Milk	1 L	1.55	PARMALAT Pure Milk	1 L	2.10	0.06

CSR Raw Sugar	1 kg	1.50	KRIEDEMANN FARMS Raw Sugar	1 kg	2.00	0.05
JALNA Fat Free Natural Yogurt	500 g	2.80	JALNA Fat Free BioDynamic Yogurt	500 g	3.00	0.04
SAN REMO Spaghetti	500 g	2.00	SAN REMO Organic Spaghetti	500 g	2.20	0.04
UNCLE TOBYS VitaBrits	750 g	3.65	UNCLE TOBYS VitaBrits Organic	750 g	3.80	0.02
COTTEE'S Strawberry Conserve	250 g	2.50	COTTEE'S BE ORGANIC Strawberry Conserve	250 g	2.50	0.00
SUNRICE Rice Cakes	144 g	1.65	PUREHARVEST Rice Cakes	150 g	1.65	0.00

The Australian organic market is relatively underdeveloped in terms of value-added products. Processed products that can combine the attributes of innovation, taste, health, and convenience will have stronger opportunities.[xiv] In particular, opportunities have been identified for baby foods and semi-processed inputs for manufactured products. Soups, yogurts and table spreads with convenient packaging options, and which incorporate organic ingredients such as sunflower and flaxseed oils to give Omega 3 nutrients are proving to be popular. Another opportunity identified has been developing organic products for the nutritious snacks market, worth A$395 million through supermarkets alone.[xv] Value-adding services such as after-purchase services could also be further utilized to build customer awareness and loyalty.

The growing interest in juice and juice bars in Australia has heightened interest in organic juices. Australian and international producers are introducing organic juices into this category more frequently than in past years.

Another area of potential growth is in the non-dairy alternatives category. With the interest in soybean drinks increasing, an organic alternative could be desirable. The non-dairy alternatives category currently penetrates roughly 15 percent of the total food and beverage market in consumption terms.[xvi]

Pricing

Price is a major concern consumers have in switching to organic food products in Australia. A recent research study[xvii] identified that many consumers wanted to purchase more organic food products, but were deterred by the price. Shoppers will pay up to 20 percent more, but over this premium customers were found to drop off purchasing organic products.[xviii] Many multicultural groups in Australia stated in the study that they would be more attracted to organic products if prices were more comparable to non-organic products.

A survey by the Australian Consumers Association found processed organic food in supermarkets cost an average of 65 percent more than conventional products.[xix] Some organic products such as chocolate or baked beans cost two to three times the amount of non-organic foods, while other organic processed food products have little or no difference in price (see Table 2). The average price of processed organic food has declined recently and is likely to drop further to attract more customers.

Import Reliance

There is no reliable data available to gauge the percentage of the organic food market that is derived from imports. Australia still relies on a number of imported products to satisfy the needs of consumers. Reasons for this include the three-year process it takes for a local producer to certify themselves as an Australian organic grower and economies of scale in the processed food sector.

Due to the smaller size of the Australian market, local manufacturers struggle to achieve economies of scale in more unique products, such as maple and other syrups, herbal remedies, pet foods, specific sauces and health supplements.

One organic retailer attributed over 30 percent of in-store stock to be imported from a variety of countries including the United States, Italy, Japan and Switzerland. Imported products stocked at this store included: pasta, noodles, sauces, jams, syrups, grains, seeds and health supplements.

However, Australian retailers are under pressure from domestic producers, wholesalers and certified bodies to buy locally sourced products. The Rural Industry Research Development Corporation (RIRDC) has implemented a five-year plan to promote and develop local organic products. RIRDC's focus is on fresh produce, however, and this is an area that U.S. exporters are unable to fully compete due to mandatory fumigation. U.S. organic products at present can still compete effectively in the 'dry goods' area of the market.

Food Service

The presence of organic food restaurants in Australia is on the increase. While growth is not as strong as the retail sector, many vegetarian and natural food restaurants and cafes are offering organic options, with some restaurants serving 100 percent organic dishes.

- Organic Wholefoods, which started as a retail store in Melbourne in 1990 now has two large stores, one in Brunswick complete with cafe and dance studio, the other in Fitzroy. A new store has recently been opened in the rural retreat of Daylesford.
- Iku, established in the inner Sydney suburb of Glebe in the 1980s as one of Australia's first macrobiotic restaurants, has now expanded to six outlets and the owner reports a growing number of enquiries to franchise the concept.
- Australia's first licensed certified organic café opened in Sydney's Surrey Hills in June 2004[xx]. Named Fringe Café, the menu is entirely organic. Most of the café's food is Australian, sourced from a variety of farmers and wine growers who identify a growing interest in organic foods as consumers become increasingly health conscious and environmentally aware.
- South Australia has a number of organic cafes that incorporate organic retail into their outlets.[xxi] Most of these cafes are situated in the CBD and inner suburbs.

SECTION III: REGULATIONS AND POLICY

In addition to the information provided below, detailed guidance on Australian food regulations is available in the Food and Agriculture Import Regulations & Standards (FAIRS) report for Australia. This report (number AS4023) is available for download at: http://www.fas.usda.gov/scriptsw/attacherep/default.asp.

The Retail Sector Report (AS3050), Food Processing Sector Report (AS4008) and the Exporter Guide (AS4027) may also assist with understanding the regulations and policies for Australia. These reports can also be accessed through the above Internet site.

Australia Quarantine Inspection Service

The Australian Quarantine Inspection Service (AQIS) has legal jurisdiction in relation to imported foods under the Imported Foods Control Act. AQIS facilitates the development of quarantine conditions applicable to any food import from any country. Any food imported into Australia must first comply with quarantine requirements and then with Australia's food safety requirements.

Quarantine import permits must be obtained for organic food products as they would be for conventional products. Prior to importation, an application to Import Quarantine Material must be lodged at either an AQIS Regional Office or the Central Office in Canberra. Each import permit application incurs an A$80.00 application fee. For rapid clearance, a copy of the permit should accompany the goods, either with the person carrying the goods or in an envelope on the side of the package. Goods will be released if all the conditions on the permit have been met. Goods that are not accompanied by a permit will be held by AQIS until presentation of a valid permit.

Certification

Australian regulations and standards are quite advanced compared to other countries in relation to organic food products. Australia has had national standards for organic and biodynamic products in place since 1992, and is one of six countries on the third country list able to export into the European Union as an approved organic producer. Australian producers wishing to export organic products to other nations must have organic certification from one of the AQIS approved certifying bodies.

The term organic is not subject to the same certification requirements in the domestic market. Domestic products and imports are able to use the term 'organic' without certification from a certifying body. However, the widespread use of the term for uncertified products has created customer confusion.[xxii]

The Biological Farmers of Australia (BFA), in conjunction with other Australian certifying bodies, are raising consumer awareness by publicizing the requirements for organic certification. The Organic Standard is a document that producers, processors, wholesalers and retailers should refer to if they wish to trade in certified organic and biodynamic products. The Organic Standard sets out certification requirements for a range of products and discusses the regulations regarding the marketing and handling of organic food. Australian cooking celebrities have supported the Organic Standard and are assisting with promoting the certification process. A copy of the standard and information on how to get your products certified organic in Australia is available on the Biological Farmers of Australia web site at: http://www.bfa.com.au/Pages/publications_standard.htm.

Representatives from the Australian organic wholesale and retail trade note that certification is a key influence on consumers' purchase decisions. Many retailers prefer to stock only certified products. Therefore, it is highly recommended that prior to entering the Australian market, U.S. suppliers should certify their products through Australian Certified Organic/Biological Farmers of Australia (http://www.australianorganic.com.au/), and/or International Organic Standard, administered by Quality Assurance International and IFOAM. Currently there are four U.S. organic organizations that have equivalency in Australia (California Certified Organic Farmers, International Certification Services Inc., Organic Crop Improvement Association International, and Quality Assurance International). Links to these organizations are available through the Australian Certified Organic web site listed above.

U.S. exporters wishing to market organic products in Australia are advised to ensure that they have certification and follow the guidelines established in the Australian organic standard. The following are the main guidelines from the standard.[xxiii]

- Importers intending to market certified organic products shall be certified by Australian Certified Organic or an equivalent certification organization approved by the Certification Office, headquarters of Australian Certified Organic.
- Importers and others utilizing certified produce other than solely Australian Certified Organic certified produce shall maintain a register of all accredited certification agencies represented and certifying produce used as inputs or ingredients. Such a register shall be annually updated and shall conform exactly to the register maintained and monitored by the Certification Office. Such "certification transference" arrangements are assessed on a case-by-case basis – with the exclusion of certification systems known to deviate unacceptably from this Standard. Onus is on the operator to ensure that all use of non-Australian Certified Organic certified materials conform to this requirement.
- Importers shall also remain aware of requirements and regulations for the importation of goods and ensure that all such requirements do not affect the certified status of the imported products. For example, fresh products may require treatments (chemical & otherwise) that would cause them to no longer meet 'organic' specifications.

A list of Australian organic certifying bodies is supplied in Section V.

Labeling

Importers must abide by Australian labeling requirements for packaged food. Food Standards Australia New Zealand (FSANZ) administers the Food Standards Code, which is adopted by all Australian States and Territories into their food legislation. The following basic guidelines are provided to importers of packaged food in relation to labeling requirements. The label must:

- Show a food name or appropriate designation.
- Show the name and address of the person associated with the sale of the food in Australia on the label for recall purposes. For imported products intended for the food service sector (i.e. non-retail packs), the name and address of the importer must appear on the package offered for sale by the importer. This may appear on the outer packaging that contains a number of inner packs. If the importer has knowledge of, or becomes aware that subsequent buyers are offering the inner packs at retail level, documentation must be available to trace the goods back to the importer.
- Show the name of the country in which the food was made or produced. If the address of the manufacturer includes the name of the country then no additional country of origin labeling is required.
- Show 'lot' identification. A 'lot' is a quantity of food prepared under the same general conditions, from a particular packing or preparation unit, during a particular period

(normally less than 24 hours). 'Use-by' or packing dates may satisfy this requirement. The lot identification may be marks or codes devised by the manufacturer. There are no prescriptions for type size or color contrast.
- Show date indicating minimum durable life for packaged foods manufactured or produced in or imported into Australia that have a durable life of less than two years.
- Conditions of storage, if special storage conditions are required to ensure that the minimum durable life or use-by date of the food is accurately stated.
- Show the net weight of the food within the package. Shippers or outer cartons must show the net weight of individual packages as well as a count of packages within the shipper or outer carton.
- State the ingredients of most foods on the label. An ingredient list must name the ingredients of the food in descending order based on the in-going proportion by weight. If water is an ingredient it may either be declared in its appropriate place in the list or be declared last as 'water added'.
- Have all required words, statements or expressions written in English; be clear, easily read and permanent; easily seen by a person reading the label; and in a color of contrast to the background.
- Show a nutrition panel, where a nutrition claim is made on the label.

Australian food law does not permit the use of health or therapeutic claims on food labels or in advertising. Rather than reject foods for import entry, AQIS will allow corrective action to labels to be taken for significant breaches. Minor defects will generally be cleared on an undertaking from the importer that the problem will be fixed. However, repeated failures could result in a Holding Order being issued against the offending supplier.

Full details of labeling requirements are set out in the Food Standards Code (Standard A1), and can be obtained through the Food Standards Australia New Zealand website, http://www.foodstandards.gov.au and guidance is available in the reports listed at the beginning of this Section.

Customs and Tariffs

All imported goods entering Australia must be cleared by Customs. A customs import entry must be lodged for goods above the following values:

- Postal: A$1000 per consignment
- Non-postal: A$250 per consignment.

There is no requirement for companies or individuals to hold an import licence. However, importers may need to obtain permits to facilitate clearance of organic food products. The minimum amount of documentation required for Customs clearance comprises of a completed Customs Entry Document, an airway bill (AWB) or bill of lading (BLAD), as well as invoices and other documentation related to importing.

The Australian Customs Service application COMPILE is the means through which brokers and/or importers lodge entries for commercial imported goods (greater than A$250 in value).

When a Customs entry triggers an AQIS profile, the broker or agent will receive a notice or message indicating that the consignment has been impeded for quarantine and that lodgment of a JEMS entry is required. Where a broker or importer has a consignment that has been impeded by AQIS they will be required to lodge a Quarantine Entry (QE) via the JEMS system in COMPILE. The COMPILE /JEMS system allows brokers to pay the QE and other AQIS service fees associated with the entry via Electronic Funds Transfer (EFT).

Brokers have the ability to pay multiple & variable amounts (import clearance requirements).[xxiv]

Tariffs on food products entering Australia currently range between 0-5 percent. Under the Australia-U.S. Free Trade Agreement, when implemented, these tariffs will all drop to zero.

GST

Australia imposes a goods and services tax on most retail items. There are a few exemptions to the GST, the principal ones being certain foodstuffs, such as fresh produce. GST is applied at 10 percent of the value of the taxable importation (VoTI).[xxv]

SECTION IV: PROMOTIONAL ACTIVITIES

Trade Shows & Conferences

A number of trade shows and conferences for networking and promotional activities exist in Australia. While many are Australia-specific, the following activities may assist in promoting U.S. organic products.

- Fine Food is the largest food industry event in Australia. In 2004, over 700 exhibitors showcased their latest food, drink and equipment ideas from around the world. International organic products were displayed at the event, including products from New Zealand, Italy, Japan and the United States. The venue for the event alternates each year between the cities of Sydney and Melbourne. In 2005 the show will be held in Sydney, September 12-15. The show is attended by major buyers, agents and importers from around Australia and elsewhere in the region, and is regarded as one of the best opportunities for importers to introduce product to the Australian market. Organic products are featured in the "Natural Products" area of the show. More information regarding Fine Food can be found at http://www.foodaustralia.com.au. If you were considering participation in Fine Food, the Office of the Agricultural Counselor at the U.S. Embassy in Australia would be interested to hear from you. Please contact us at the address provided in Section V.

- The International Federation of Organic Agricultural Movement will be holding the 15th Organic World Congress in Adelaide, September 19-23, 2005. With the theme of 'Shaping Sustainable Systems', the conference will feature debate and discussion on the important role that organic systems play in ensuring long-term sustainability. In conjunction with the conference, an organic world exhibition will be held to showcase and promote organic relationships, products and systems. Information for the World Organic Exhibition is available through the NASAA website. http://www.nasaa.com.au/ifoam/.

- The Rural Industries Research and Development Corporation assists in coordinating the National Organic Conference. The last conference was held in 2003 in Adelaide and is to be held every two years at different locations around Australia. This event will draw interest from a range of institutions and will assist the definition of the broadening role of organic agriculture in sustainable development. It will bring together members of the organic, scientific, business and consumer communities to explore sustainability issues for development. The presence of leading international and Australian organic industry decision-makers in the past reflects the importance of this event. Further information on the upcoming National Organic Conference can be found through the RIRDC website: http://www.rirdc.gov.au.

- The First International Biodynamic Wine Forum will be held November 19-21, 2004 in Beechworth Victoria. The 3-day forum brings together the world's leading Biodynamic vignerons from Europe, Australia and the United States. Further information regarding this forum can be found at the website: http://www.biodynamicwineforum.com.au.

SECTION V: POST CONTACT AND FURTHER INFORMATION

Post Contact (FAS/USDA)

Agricultural Counselor
Office of Agricultural Affairs
U.S. Embassy
Moonah Place
Yarralumla ACT 2600
Australia
Tel: +61 2 6214 5834
Fax: +61 2 6273 4323
Email: AgCanberra@usda.gov

Regulations and Policy

Import Clearance
Australian Quarantine and Inspection Service,
GPO Box 858,
Canberra, ACT 2601
Australia
Tel: +61-2-6272 3746
Fax: +61-2-6272 5888
Web: http://www.aqis.gov.au
Email: importweb@aqis.gov.au

Standards Liaison Officer
FSANZ
P.O. Box 7186
Canberra BC ACT 2610
Australia
Web: http://www.foodstandards.gov.au

Importers & Distributors of U.S. Organic Products in Australia

Please contact the Office of the Agricultural Counselor listed above for an up-to-date list of Australian importers and distributors.

Australian Organic Certifying Bodies

Biological Farmers of Australia Co-operative Ltd
Head Office
P.O. Box 530
Chermside QLD 4032
Australia
Tel: +61 7 3350 5716
Fax: + 61 7 3350 5996
Email: info@bfa.com.au
Web: http://www.bfa.com.au

Biodynamic Agriculture Australia (Demeter Label)
P.O. Box 54
Bellingen NSW 2454
Australia
Tel: +61 2 6655 0566
Fax: +61 2 6655 0565
Email: poss@midcoast.com.au

The Organic Food Chain Pty Ltd
P.O. Box 2390
Toowoomba QLD 4350
Australia
Tel: +61 7 4637 2600
Fax: +61 7 4696 7689
Email: ofc@organicfoodchain.com.au
Web: http://www.organicfoodchain.com.au

National Association of Sustainable Agriculture Australia
P.O. Box 768
Stirling SA 5152
Australia
Tel: +61 8 8370 8455
Fax: +61 8 8370 8381
Email: enquiries@nasaa.com.au
Web: www.nasaa.com.au

Organic Growers of Australia Inc.
P.O. Box 6171
South Lismore NSW 2480
Australia
Tel: +61 2 6622 0100
Fax: +61 2 6622 0900
Email: oga@nrg.com.au

Tasmanian Organic-Dynamic Producers Co-operative
P.O. Box 434
Mowbray Heights TAS 7248
Australia
Tel: +61 3 6266 0330
Email: ppdevries@bigpond.com

Safe Food Queensland
P.O. Box 440
Spring Hill QLD 4004
Australia
Tel: +61 1800 300 815
Email: info@safefood.qld.gov.au

Industry Information

Organic Federation of Australia
Suite 502, "Park Place"
3 Waverley Street
Bondi Junction NSW 2022
Australia
Tel: +61 2 9340 7808
Fax: +61 2 9340 7807
Email: info@ofa.org.au
Web: http://www.ofa.org.au

The Organic Directory 2004/05
Heaven and Earth Systems
Tel: +61 2 9365 7668
Email: catrionamac@optusnet.com.au

- Provides NSW contact details for organic farmers, processors, retailers, wholesalers and food specialists.

Endnotes

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